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MERCHANTS' EXCHANGE OF ST. LOUIS

BY GEO. H. MORGAN,
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The great exchanges of the country are the mediums through which the products of the field and farm are transferred from the producer to the consumer. To meet the demands of commerce there must be cities where large accumulations can be stored ready for the demand of those who, either as manufacturers or shippers, move the products in large quantities as there is a demand therefor. The farmer disposes of his crop to the country dealer, who with limited supply of storage room must move the commodity to some large central market where it will meet with ready sale and be shipped for domestic consumption or for export, or be held in storage awaiting a demand. There must be a large supply on hand, as grain especially is moved in quantities and must be inspected and classified as to grade and condition. Therefore, the middle man is an absolute necessity, being able to handle and care for whatever amount may be put on the market and dispose of same as the necessities of business require. The exchanges are of special benefit to the country shipper and farmer in making a market where their products can always be sold and in furnishing information as to values and movements of grain and other products by wire and mail so that a choice of markets can be had.

These organizations sometimes designated as boards of trade, chambers of commerce, merchants' exchanges, grain exchanges and produce exchanges are organized to handle in the quickest and most economical manner the various commodities, to inculcate just and equitable principles of trade, to establish and maintain uniformity in commercial usages, and to acquire and disseminate valuable business information for their own guidance as well as for their customers.

Among the most important of these organizations is the Merchants' Exchange of St. Louis the oldest trading organization in the United States and the third largest primary grain market. It is the legitimate successor of the St. Louis Chamber of Commerce, organ-

ized in 1836 and incorporated January, 1837. It owns and occupies a magnificent building, occupying two-thirds of a square, fronting 239 feet on Third street by a depth of 222 feet. In the western part of the building is located the grand hall, where the daily meetings of the exchange are held, and where business is transacted from 9.30 a. m. to 1.15 p. m. Here daily assemble the grain, provision, flour, seed and produce dealers to buy and sell their various lines, and the bankers, transportation agents, insurance representatives and others meet to negotiate business.

The grand hall, 221 feet in length, 93 feet wide and 80 feet in height, is unobstructed by posts or pillars and is surrounded by large windows affording an abundance of light and ventilation. The ceiling is a work of art, divided into three compartments each containing a grand medallion. The central figure is emblematic of the great city of the West, surrounded by groups typical of the agricultural, mineral and industrial products of the Mississippi Valley. The north compartment represents characteristic types of European nations, while the south medallion portrays types of other nations. The cornice surrounding the ceiling forms a border twenty feet wide, containing the names of all the states and representations of the merchant flags of the world. The other portions of the building are leased to dealers in grain and grain products, millers and others actively engaged in business transacted on the floor of the exchange.

While the largest interests are grain, grain products, flour, provisions, seeds and kindred lines, the merchants' exchange represents the varied industries of the city, and among its fourteen hundred members may be found bankers, brokers, manufacturers and others, who often find occasion to visit the exchange to meet and make acquaintances and discuss matters pertaining to the general interests of the city. During trading hours the floor of the exchange is a busy mart; on its tables are displayed samples of grain, flour, etc., for sale, and buyers and sellers meet and in a short time transact a vast volume of business that it would take hours to accomplish without a general meeting place.

Quotations of all the principal domestic and many of the foreign markets are received by wire and posted on the bulletin boards by operators who transcribe the reports without delay, making the service practically instantaneous. Quotations of the New York stock market are posted in the same manner and a large business is trans-

acted in stocks. On the grain tables where samples are exhibited sales are made of the receipts of the day, while in the "pit" trading in futures is carried on.

As before stated St. Louis is the third largest primary grain market, being exceeded only by Chicago and Minneapolis. In futures, sometimes erroneously called options, the volume of transactions is probably greater than any other primary market except Chicago.

Geographically the position of St. Louis as a grain center is ideal. Located in the heart of the great Mississippi Valley, near the junction of the Missouri, Illinois and Mississippi rivers, and in close proximity to the Valley of the Ohio, with twenty-seven rail trunk lines leading in all directions and water routes by the great rivers of the valley, furnishing unexcelled transportation facilities, it is in a position to command to a large extent the surplus grain of Missouri, Illinois, Kansas, Iowa, Nebraska, Minnesota, the Dakotas, Colorado and other states; while its exceptional advantages as a distributing point make it the point of distribution not only to the eastern seaboard and the south and southeastern territory, but to the gulf ports for export.

The annual receipts of grain, varying with the extent of the crops, aggregate from seventy to eighty-six million bushels, while the amount of flour manufactured and shipped reaches some three million barrels. Situated in the center of the belt producing soft red winter wheat a large percentage of this grade finds a market in St. Louis.

The commerce of the states of the Mississippi Valley was for many years carried upon the great rivers. While to a great extent this commerce has been diverted to rail lines paralleling the river and reaching many of the cities and towns back from river points, the unparalleled increase in the development of the great West with resultant tonnage to be handled, demands the use of every facility for moving this vast commerce, and it is by all recognized that the water routes must be utilized in conjunction with the rail lines to move promptly and economically the vast volume of traffic increasing year by year. To this end movements are on foot to place upon the Mississippi River steel boats and barges of modern make and power, adapted to the needs of river commerce, and the installation of modern methods for unloading and loading the boats and barges

at minimum expense. Two lines are to be placed in commission between St. Louis and New Orleans; a packet line is to be put in commission on the Missouri between St. Louis and Kansas City, and the present lines to St. Paul and intermediate points extended and enlarged.

With the improvement and deepening of the channel now in progress under the direction of the general government, the development of the inland waterways to something like their former greatness is confidently expected. Then the cities of the valley will be able to share in the vast trade that will develop to Central and South America, the Pacific states and the Orient upon the completion of the Panama Canal.

The larger part of the business transacted on the exchanges of the country is in grain. The grain is either bought at country points or shipped to be sold on commission, and is either sold on arrival on track, delivered on contracts or placed in elevator for future disposition. In the event supplies are greater than demand for immediate handling, dealers are always found ready to buy the grain and store it for future needs. This applies in all markets as the customs are practically the same. All grain received is inspected by state inspectors and graded, and if placed in elevators is stored with other grain of same grade or each car lot put in special bin. Grain thus stored and graded is deliverable on contract, the elevator receipt stating quantity and grade, being a legal tender and conveying possession of the property. Grain shipped for sale by commission firms pays all expenses of freight, inspection and weighing, interest on advances and all other charges, which with the commission is deducted from the gross proceeds and a check for the balance mailed promptly to the shipper. Contract grades are generally what is known as No. 2, this grade being intended to include the majority of merchantable crop free from dirt and damaged grains. The United States Department of Agriculture furnishes a monthly statement of condition of crops, which is wired direct to the various exchanges and to the daily press, and influences to a considerable extent the market.

The Merchants' Exchange of St. Louis, while primarily a trading body, keeps in close touch with all movements of a financial or commercial character affecting the interests of the city, state or nation. Being careful and conservative in the consideration of all public

questions, its opinions are given due consideration by legislative bodies and assist in securing the enactment of proper laws for the safe conduct of business.

The Merchants' Exchange maintains a traffic bureau for guarding the transportation interests of the city and preventing or correcting discriminations in freight rates. The exchange also maintains a department of weights for the purpose of securing the accurate and correct weighing and methods of weighing of all property handled by members of the exchange and all others requesting the service. The rules of the exchange provide committees of arbitration and appeals for the consideration and adjustment of differences arising between members, thus avoiding the expense and delay of legal proceedings.

It is practically impossible to estimate the volume of business transacted on an exchange. No record is kept of sales or purchases but the aggregate for the year amounts to millions of dollars.

A clearing house for the clearing of future sales is conducted by a corporation, which while independent and not under the rules of the exchange, is practically an adjunct and greatly facilitates the settlement of contracts.